


Banco MUFG Brasil S.A.

 Treasury & Markets
 Av. Paulista, 1274 – Bela Vista
 São Paulo, SP – 01310-925

1. Market Rates

			7-Jun	8-Jun	9-Jun	10-Jun	11-Jun	Net Chg
FX	USD/BRL	Spot	5.0460	5.0350	5.0630	5.0570	5.1180	+0.0610
	BRL/JPY	Spot	21.65	21.74	21.65	21.62	21.43	-0.19
	EUR/USD	Spot	1.2192	1.2173	1.2180	1.2175	1.2109	-0.0066
	USD/JPY	Spot	109.25	109.49	109.63	109.33	109.68	+0.35
Rates	Brazil DI	6MTH(p.a.)	4.899	4.959	5.075	5.171	5.154	-0.017
	Future	1Year(p.a.)	5.969	5.988	6.109	6.239	6.224	-0.015
	On-shore	6MTH(p.a.)	0.736	0.653	0.682	0.730	0.704	-0.026
	USD	1Year(p.a.)	0.854	0.813	0.842	0.872	0.862	-0.010
Equity	Bovespa Index		130,776.30	129,787.10	129,906.80	130,076.20	129,441.10	-635.10
CDS	CDS Brazil 5y		163.17	162.46	160.88	160.22	159.92	-0.30
Commodity	CRB Index		209.533	211.206	211.166	212.186	212.246	+0.060

Source: Bloomberg

* The rates above are end of the day market price/ rate and used for your reference only

2. Weekly Topics

- USDBRL opened the week at 5.0469 and fluctuated between 5.00 and 5.10 range until Thursday. On the factors pushing BRL to stronger levels we highlight the market view that FED will maintain a dovish monetary policy stance in light of the weaker-than-expected labor market data, and even the stronger CPI for May is not enough to change Fed's view. In such scenario, USD abroad showed some weakening versus other currencies. Emerging currencies were also benefited by positive trade data in China
- On the local side, BRL tended to appreciate amid the expectation that Senate might approve Eletrobras bill next week. Additionally, stronger-than-expected Retail Sales and Services activity data for April, as well as higher-than-expected IPCA in May influenced on the rise of interest rates in the futures markets, also adding pressure for BRL appreciation. Additionally, the wide majority of economists seem to expect the removal of 'partial normalization' term by the Central Bank on the Copom decision next wednesday. In such scenario, we might see the continuity of current pace of monetary tightening by 75bps hike per Copom meeting in the coming months

3. Next Week's Topic
USD/BRL Next Week's Forecast & Range : 4.90–5.50

- In Brazil, the market will keep monitoring closely the Parliamentary Investigative Committee
- But the major focus will be on the monetary policy meetings in Brazil and United States on Wednesday. Before that, on Monday market will follow the release of IBC-BR economic activity data in Brazil for April, and the Focus survey that might continue showing adjustments on economic forecasts with higher inflation, GDP and Selic rate, and more appreciated BRL as compared to the latest reading.

4. Next Week's Economic Indicators

Country	Date	Indicator	Term	Forecast	Previous
BZ	6/14	IBC-BR Economic Activity MoM	Apr	0.50%	-1.59%
BZ	6/14	IBC-BR Economic Activity YoY	Apr	16.60%	16.26%
BZ	6/16	Copom decision	Jun	4.25%	3.50%
BZ	6/16	IPC-S inflation (2P)	Jun		0.81%
BZ	6/16	IGP-10 inflation	Jun		3.24%
US	6/16	FED decision	Jun		

Source: Bloomberg

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